1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received	d: 10/01/1999		Received By: jkreye Identical to LRB: By/Representing: Shanovich Drafter: jkreye					
Wanted:	Soon							
For: Leg	gislative Fiscal	Bureau						
This file	may be shown	to any legislate						
May Cor	ntact:		Alt. Drafters:					
Subject:	Tax - co	orp. inc. and fr	Extra Copies:					
Pre Top	oic: .Shanovich -							
Topic:	nt of corporate	partners and Ll	LC member	s and severab	bility			
Instruct See Atta	•							
 Drafting	g History:							
Vers.	<u>Drafted</u>	Reviewed	Typed	Proofed	Submitted	Jacketed	Required	
/?	jkreye 10/01/1999	jgeller 10/01/1999		· · · · · · · · · · · · · · · · · · ·				
/1	jkreye 10/04/1999	wjackson 10/04/1999	mclark 10/02/19	99	lrb_docadmin 10/02/1999			
/2			lrb_docadmin 10/04/1999					
FE Sent	For:							

<END>

1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

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Subject	:: Tax - co	rp. inc. and fr		Extra Copies:				
Pre To	ppic:				•			
LFB:	Shanovich -							
Topic:	- 11							
Treatm	ent of corporate	partners and L	LC member	s and severabi	lity			
Instruc	ctions:						-	
See Att	ached							
Draftii	ng History:						1.00	
Vers.	Drafted	Reviewed	Typed	Proofed	Submitted	<u>Jacketed</u>	Required	
/?	jkreye 10/01/1999	jgeller 10/01/1999						
/1		12 WLJ 1014	mclark 10/02/19	99	lrb_docadmin 10/02/1999			
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1999 DRAFTING REQUEST

Assembly Amendment (AA-ASA1-AB133)

Received: 10/01/1999	Received By: jkreye Identical to LRB:						
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For: Legislative Fiscal Bureau	By/Representing: Shanovich Drafter: jkreye						
This file may be shown to any legislator: NO							
May Contact:	Alt. Drafters:						
Subject: Tax - corp. inc. and fran.	Extra Copies:						
Pre Topic:	· · · · · · · · · · · · · · · · · · ·						
LFB:Shanovich -							
Topic:							
treatment of corporate partners and LLC members and severabil	lity						
Instructions:							
See Attached							
Drafting History:							
Vers. Drafted Reviewed Typed Proofed /? jkreye 10/2 MRC Typed MRC Typed	Submitted Jacketed Required						

FE Sent For:

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WPO-equest 1

1999 – 2000 LEGISLATURE

LRBb1902/2 K...i.y.i... Jeg + WLj

LFB:.....Shanovich – treatment of corporate partners and LLC members and severability

FOR 1999-01 BUDGET -- NOT READY FOR INTRODUCTION ASSEMBLY AMENDMENT,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1.

TO 1999 ASSEMBLY BILL 133

in 10-1-99

At the locations indicated, amend the substitute amendment as follows:

(END)

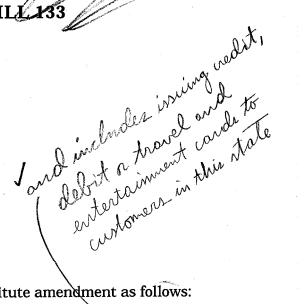
1999 - 2000 LEGISLATURE

LRBb1863/1 JK:wijjf

ASSEMBLY AMENDMENT

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133



At the locations indicated, amend the substitute amendment as follows:

- 1. Page 854, line 11: after "gain" insert "that is apportionable as income, including unitary and operational income, that is taxable in this state".
 - **2.** Page 873, line 21: after that line insert:

"Section 1722yd. 71.25 (5) (a) (intro.) of the statutes is amended to read:

71.25 **(5)** (a) *Apportionable income*. (intro.) Except as provided in sub. (6), corporations engaged in business both within and without this state are subject to apportionment. Income gain or loss from the sources listed in this paragraph is presumed apportionable as income, including unitary and operational income, that is taxable in this state. Apportionable income includes all income or loss of corporations, other than nonapportionable income as specified in par. (b), including, but not limited to, income, gain or loss from the following sources:".

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age 1614, line 9: after "71.25" insert "(5) (a) (lintro),".

It lage 1599, line 22: delete that line and motitatule 0 71.22 (10), 71.23 (1), 71.25 (5) (a), and (15), 71.26 (3) (1), 71.43 (1) and 71.45 (6) of the startes first applies?

1999 - 2000 LEGISLATURE



ASSEMBLY AMENDMENT,

TO ASSEMBLY AMÉNDMENT 2,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

Insert 1-12

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At the locations indicated, amend the amendment as follows:

1. Page 255, line 15: after that line insert:

Page 910, line 18: after that line insert:

"Section 1740n." 71.26 (3) (L) of the statutes is amended to read:

71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount otherwise deductible under this chapter that is directly or indirectly related to income wholly exempt from taxes imposed by this chapter or to losses from the sale or other disposition of assets the gain from which would be exempt under this paragraph if the assets were sold or otherwise disposed of at a gain is not deductible. In this paragraph, "wholly exempt income", for corporations subject to franchise or income taxes, includes amounts received from affiliated or subsidiary corporations



for interest, dividends or capital gains that, because of the degree of common ownership, control or management between the payor and payee, are not subject to taxes under this chapter. In this paragraph, "wholly exempt income", for corporations subject to income taxation under this chapter, also includes interest on obligations of the United States. In this paragraph, "wholly exempt income" does not include income excludable, not recognized, exempt or deductible under specific provisions of this chapter. If any expense or amount otherwise deductible is indirectly related both to wholly exempt income or loss and to other income or loss, a reasonable proportion of the expense or amount shall be allocated to each type of income or loss, in light of all the facts and circumstances."

2. Page 608, line 13: delete lines 13 and 14 and substitute:

"1232j. Page 1614, line 8: delete "(a) and (c)" and substitute "(a), (b) and (c)".".

3. Page 608, line 16: after that line insert.

"1233m. Page 1614, line 40: delete "(a) and (c) and substitute "(a), (b) and (c).

15 71.26 (3) (L)".".

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5. Any effective date problems	(including transi	tional problems):			•
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As a result of my proposed changes, the amendment would read as follows:

1 Page 854, line 11: atter "gain" insert "if the income from that entity is unitary or operational income of the taxpayer or any direct or indirect affiliate of the taxpayer or has a taxable presence in this state".



... LEG FISC BUR POUS # JK:wij:jf - Den make

State of Misconsin 1999 - 2000 LEGISLATURE ASSEMBLY AMENDMENT, ASSEMBLY SUBSTITUTE AMENDMENT 1, 學的學樣 TO 1999 ASSEMBLY BILL 188

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1999 - 2000 Legislature

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. Page 1614, line 9: after



State of Misconsin 1999 - 2000 LEGISLATURE

LRBb1902 JK:jlg&wlj:mrc

LFB:.....Shanovich - Treatment of corporate partners and LLC members and severability

ASSEMBLY AMENDMENT,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133 $^{\circ}$

delete that line and substitute of state for pecuniary, gain, if the income from the partnership or company is unitary or operational income of the taxpayer or a direct or indirect affiliate of the taxpayer or if a direct or indirect affiliate of the taxpayer or if such income has a taxable gresence in this state.

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At the locations indicated, amend the substitute amendment as follows:

- 1. Page 854, line 11: after "gain" insert "that is apportionable as income, including unitary and operational income, that is taxable in this state and includes issuing credit, debit or travel and entertainment cards to customers in this state
 - **2.** Page 873, line 21: after that line insert:
 - "Section 1722yd. 71.25 (5) (a) (intro.) of the statutes is amended to read:
- 71.25 (5) (a) Apportionable income. (intro.) Except as provided in sub. (6), corporations engaged in business both within and without this state are subject to apportionment. Income gain or loss from the sources listed in this paragraph is presumed apportionable as important unitary and operational income that

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taxable in this state. Apportionable income includes all income or loss of corporations, other than nonapportionable income as specified in par. (b), including, but not limited to, income, gain or loss from the following sources:".

3. Page 910, line 18: after that line insert:

"Section 1740n. 71.26 (3) (L) of the statutes is amended to read:

71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount otherwise deductible under this chapter that is directly or indirectly related to income wholly exempt from taxes imposed by this chapter or to losses from the sale or other disposition of assets the gain from which would be exempt under this paragraph if the assets were sold or otherwise disposed of at a gain is not deductible. In this paragraph, "wholly exempt income", for corporations subject to franchise or income taxes, includes amounts received from affiliated or subsidiary corporations for interest, dividends or capital gains that, because of the degree of common ownership, control or management between the payor and payee, are not subject to taxes under this chapter. In this paragraph, "wholly exempt income", for corporations subject to income taxation under this chapter, also includes interest on obligations of the United States. In this paragraph, "wholly exempt income" does not include income excludable, not recognized, exempt or deductible under specific provisions of this chapter. If any expense or amount otherwise deductible is indirectly related both to wholly exempt income or loss and to other income or loss, a reasonable proportion of the expense or amount shall be allocated to each type of income or loss, in light of all the facts and circumstances.".

- 4. Page 1599, line 22: delete that line and substitute "71.22 (1r), 71.23 (1),
- 2 71.25 (5) (a) (intro.) and (15), 71.26 (3) (L), 71.43 (1) and 71.45 (6) of the statutes first

3 applies".

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State of Misconsin 1999 - 2000 LEGISLATURE

LRBb1902/2 JK:jlg&wlj:hmh

severability

> FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION ASSEMBLY AMENDMENT,

TO ASSEMBLY SUBSTITUTE AMENDMENT 1,

TO 1999 ASSEMBLY BILL 133

At	the location	ns indi	cated,	ameno	i the sub	stitute am	endment a	as follows:	
1.	Page 854	, line 11	l: delete	that	line and	substitute	"state for	pecuniary	gain,

if the income from the partnership or company is unitary or operational income of 3 the taxpayer or a direct or indirect affiliate of the taxpayer or if such income has a

taxable presence in this state.". 5

2. Page 873, line 21: after that line insert:

"Section 1722yd. 71.25 (5) (a) (intro.) of the statutes is amended to read:

71.25 (5) (a) Apportionable income. (intro.) Except as provided in sub. (6),

corporations engaged in business both within and without this state are subject to

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apportionment. Income gain or loss from the sources listed in this paragraph is presumed apportionable as unitary or operational income or other income that has a taxable presence in this state. Apportionable income includes all income or loss of corporations, other than nonapportionable income as specified in par. (b), including, but not limited to, income, gain or loss from the following sources:".

3. Page 910, line 18: after that line insert:

"Section 1740n. 71.26 (3) (L) of the statutes is amended to read:

71.26 (3) (L) Section 265 is excluded and replaced by the rule that any amount otherwise deductible under this chapter that is directly or indirectly related to income wholly exempt from taxes imposed by this chapter or to losses from the sale or other disposition of assets the gain from which would be exempt under this paragraph if the assets were sold or otherwise disposed of at a gain is not deductible. In this paragraph, "wholly exempt income", for corporations subject to franchise or income taxes, includes amounts received from affiliated or subsidiary corporations for interest, dividends or capital gains that, because of the degree of common ownership, control or management between the payor and payee, are not subject to In this paragraph, "wholly exempt income", for taxes under this chapter. corporations subject to income taxation under this chapter, also includes interest on obligations of the United States. In this paragraph, "wholly exempt income" does not include income excludable, not recognized, exempt or deductible under specific provisions of this chapter. If any expense or amount otherwise deductible is indirectly related both to wholly exempt income or loss and to other income or loss, a reasonable proportion of the expense or amount shall be allocated to each type of income or loss, in light of all the facts and circumstances.".

4. Page 1599, line 22: delete that line and substitute "71.22 (1r), 71.23 (1),

71.25(5)(a) (intro.) and (15), 71.26(3)(L), 71.43(1) and 71.45(6) of the statutes first

3 applies".

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